

Western United Life Assurance Company

Questions and Answers

March 2, 2004

Western United is now in receivership, is bankruptcy just around the corner?

No. Insurance companies are excluded from bankruptcy options by federal law. If at some point in the future the company faces insolvency, the Office of the Insurance Commissioner (OIC) will ensure that policyholders are at the front of the line when assets are distributed. However, the OIC is emphasizing that there is nothing to indicate that the company faces insolvency issues at this time.

What does it mean when a company is in receivership?

By seeking a court-ordered receivership, the Insurance Commissioner can ensure that the company will operate under the direct control of a special receiver appointed by the OIC. This means that the company will be operated by an objective, independent authority who will ensure that the policyholders are afforded the full protection of state law. In addition to direct control of company operations and transactions, the special receiver has other authority as well. Any lawsuits that might result are automatically stayed while the company is under the control of the receiver. Again, it is important to note that there is no evidence to indicate that the company faces insolvency. The OIC is simply helping the company navigate the troubled waters resulting from the parent holding company's financial difficulties.

So if the company isn't insolvent, why did the OIC seek a receivership?

Responsibility for regulation of insurance companies belongs to the OIC. Accordingly, the OIC stepped up to assist Western United deal with the resulting fallout from Metropolitan's financial difficulties. By assuming control of the company through a court-ordered receivership, the OIC will be in the best position to see that Western United meets its responsibilities under state law and fulfills its obligations to its policyholders.

Is my money safe?

Yes. Nothing has changed as a result of the company being placed in receivership. In fact, receivership ensures that the interests of policyholders are placed in front of all other considerations.

Can I get my money out right now if I choose?

The same terms and conditions of your contract remain in effect today, as they did yesterday. The same conditions for surrendering policies apply today that applied yesterday. Western United is being operated on a regular, business-as-usual basis by the OIC. The worst event for everyone concerned would be a panic-induced "run on the bank." The interests of everyone connected to the company will be served best if the

company is permitted to continue its operations unaffected and unimpaired by Metropolitan's fate.

Is my money frozen?

No. Money generated by the company through the sale of annuities and other products remains invested in a wide variety of real estate holdings, investments and other enterprises. Unexpected, premature redemption by policyholders puts the company in the difficult position of having to expend cash reserves and exercise other cash-generating options – which can be detrimental to the company and the best interests of its policyholders.

How soon can I get my money?

You can redeem your annuities according to the terms and conditions of your contract. Early redemption, as mentioned earlier, can have a detrimental effect on the company and its operations.

What happens next?

The company will continue to operate under the direction and control of the special receiver. This will continue indefinitely until the OIC can prudently return control to the company's executive management, or in the event that company faces insolvency, distribute the assets according to state law. Once again it is important to note that the company doesn't appear to be facing insolvency issues at this time.

Didn't the OIC assume administrative supervision of Western United recently?

Yes. The OIC assumed administrative supervision of Western United in late December after the company's board of directors asked for the OIC's assistance. As a result, the OIC has had a special deputy on site in Spokane monitoring the company's operations, reviewing and approving all major transactions. Because of this presence, the OIC was much better positioned to step in and assume control of the company through the receivership process.

What is the strongest assurance you can offer that my money is safe?

The OIC can only point out that the company's required filings – quarterly statements and annual reports – indicate that the company is solvent. Every five years, the OIC performs a full-scope financial examination of every insurance company domiciled in Washington. These are comprehensive audits with specific goals, one of which is to confirm that the company's financial representations are accurate. The OIC's scheduled exam for Western United was initiated last fall. It won't be completed for several months.